

STATEMENT OF PURPOSE

RS19496

This legislation prevents the double taxation of registered semi-trailers. Currently, when a semi-tractor buys a temporary registration the carrier must also purchase a registration for the trailer it will pull regardless of the registration status of the trailer.

Semi-trailer registration is \$15 annually or alternatively \$105 for a non-expiring license. The current temporary registration requirement assesses an additional \$60 fee to the trailer when pulled by a vehicle operating with a five day temporary registration permit.

FISCAL NOTE

The 2009 legislature limited the number of temporary permits that could be purchased to three. As a result; additional total revenues from commercial vehicle registrations (above 2008 for the same period) to the Department in the last six months of CY2009 amounted to \$1,161,403. It should be noted that not all of the increase can be attributed to the prudent change of policy that encourages registration. The 2009 economy resulted in a significant number of owner/operator vehicles not registering until the latter half of the year when work became available.

The ITD system is not capable of distinguishing between the cause and basis for registration. As the economy improves full registrations will occur and reduce the need for temporary registrations. Owner/operators are now aware that full registration is imminent and will prefer the inevitable as a more convenient route.

This correction will reduce the additional funding to ITD secured by the 2009 legislation. Economic conditions and fundamental philosophical change in registration habits as a result of the 2009 legislation make the actual number nearly impossible to estimate. The reduction could be as little as \$330,000 and as much as \$435,000. The policy change will never the less result in a net gain to the ITD from 2008 revenues.

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